

**Village of Port Hope  
Port Hope, MI**

**Huron County**

**FINANCIAL REPORT  
March 31, 2005**

## Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Port Hope</b>	County <b>Huron</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>9/14/05</b>	Date Accountant Report Submitted to State: <b>9/14/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

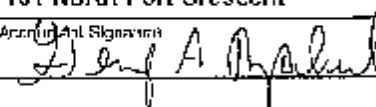
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1966, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements, (P.A. 20 of 1942, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGL).			✓

Certified Public Accountant (Firm Name) <b>George A. Zahul CPA PC</b>			
Street Address <b>101 North Port Crescent</b>	City <b>Bad Axe</b>	State <b>MI</b>	ZIP <b>48413</b>
Accountant Signature 		Date <b>9/14/05</b>	

**George Zahul, CPA, PC**

101 N Port Crescent St  
Bad Axe, MI 48413

September 14, 2005

To the Village Board  
Village of Port Hope  
Port Hope, MI 48468

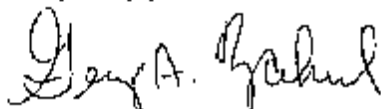
The following comments related to situations that came to my attention during the course of my recent examination of the Village of Port Hope's financial statements as of and for the year ended March 31, 2005, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Village over-expended in the Special Revenue Funds in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.
2. The Village should consider budgeting revenues and expenses by items rather than in totals. Although this is not required, it would make comparisons during the year easier when or if amended by the Village.
3. Journals and/a ledger should be prepared for the cementary funds.

If you would need assistance in implementing the above, I would be happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Village Officials for their help and assistance during the audit.

Very truly yours,



George A. Zahul, PC  
Certified Public Accountant

# Village of Port Hope

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## **Village of Port Hope**

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**George Zahul, CPA, PC**  
101 N Port Crescent St  
Bad Axe, MI 48413  
989-269-9966

**Independent Auditor's Report**

To the Village Board  
Village of Port Hope  
Port Hope, MI 48468

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Port Hope's, as of and for the year ended March 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Port Hope's management. My responsibility is to express opinions on these financial statements based on my audit.

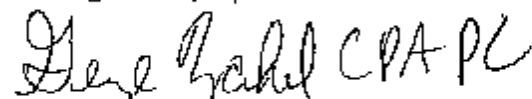
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Port Hope as of March 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 14, 2005, on my consideration of the Village of Port Hope's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Port Hope. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

 CPA PC

George Zahul, CPA, PC  
September 14, 2005

**George Zahul, CPA, PC**  
101 N Port Crescent St  
Bad Axe, MI 48413  
989-269-9966

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Village Council  
Village of Port Hope  
Port Hope, MI 48468

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Port Hope as of and for the year ended March 31, 2005, which collectively comprise Village of Port Hope's basic financial statements and have issued my report thereon dated September 14, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

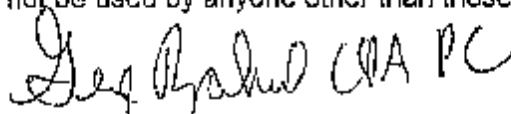
**Compliance**

As part of obtaining reasonable assurance about whether the Village of Port Hope's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Village of Port Hope, in a separate letter dated September 14, 2005.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Village of Port Hope's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

  
George Zahul, CPA, PC  
September 14, 2005

## **Village of Port Hope Management's Discussion and Analysis**

This section of the Villages annual financial report presents our discussion and analysis of the Villages financial performance during the fiscal year that ended on March 31, 2005. Please read it in conjunction with the villages financial statements, which immediately follow this section.

### **Financial Highlights**

The 2004/05 fiscal years resulted in a Fund Balance in the General Fund of \$258,228.25. This was an expected result for the Village. The Fund Balance was slightly higher than was originally budgeted.

In total, Village revenues exceeded \$376,884 for fiscal year ended March 31, 2005. Spending over the same time period was \$363,591. In both cases that was an increase of approximately \$50,000 over fiscal 2004 for revenues and an increase of \$97,000 for spending.

### **Overview of the Financial Statements**

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the Villages overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Villages government, reporting the Villages operations in more detail than the district-wide statements.

### **Government-Wide Statements**

The Government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include all of the Villages assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Villages net assets and how they have changed. Net assets – the difference between the Villages assets and liabilities – are one way to measure the Villages financial health or position.



## **Village of Port Hope Management's Discussion and Analysis**

The government-wide financial statements of the Village are divided into categories:

**Governmental Activities** – Most of the Villages basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provided most of the funding.

**Business-type Activities** – The Village operates a sewer system and charges fees to customers to help cover the costs of certain services it provides. The Villages sewer and water system is treated as a business-type activity.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Villages funds, focusing on its most significant or "major" funds – not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending for particular purposes:

Some funds are required by State law and by bond covenants.

The Village establishes other funds to control and manage money for particular purposes.

The Village has three types of funds:

**Governmental Funds** – Most of the Villages basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Villages programs.

**Proprietary Funds** – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

**Fiduciary Funds** – The Village is responsible for ensuring that the assets reported in these funds are used for intended purposes. All of the Villages fiduciary activities are reported in a separate statement of Assets and Liabilities. These activities are excluded from the Villages government-wide Financial Statements, because the government cannot use these resources.

## Village of Port Hope Management's Discussion and Analysis

### Financial Analysis of the Village as a Whole

#### **Net Assets**

Village net assets increased during the fiscal 2005. Depreciation of Village assets, of \$76,958.00, as opposed to new purchases of \$37,487.23 also had an impact.

#### **Village of Port Hope**

	<u>2005</u>
Current and other Assets	\$ 1,587,027
Capital Assets, Less Accumulated Depreciation	<u>2,642,440</u>
Total Assets	\$ 4,229,467
Current Liabilities	63,508
Other Liabilities	<u>939,546</u>
Total Liabilities	\$ 1,003,054
<u>Net Assets:</u>	
Invested in Capital Assets not of Related Debt	\$ 754,833
Restricted	69,626
Unrestricted	1,099,215
Other	<u>1,302,740</u>
Total net Assets (deficit)	\$ 3,226,414

#### **Changes in Village of Port Hope Net Assets**

	<u>2005</u>
Revenues	
Charges for Services	\$ 181,753
Operating Grants	117,076
<u>General Revenues</u>	
Property Taxes	83,477
State Revenue	27,687
Other	<u>31,774</u>
Total Revenues	\$ 441,767
<u>Expenses</u>	
General Government	\$ 9,745
Public Services	162,571
Sanitation, Water, and Sewer	76,941
Roads	63,585
Interest and Other	54,322
<u>Business Type Activities</u>	
Unallocated Depreciation	<u>76,958</u>
Total Expenses	<u>\$ 444,122</u>
Increase (Decrease) in Net Assets	<u>\$ (2,355)</u>

## **Village of Port Hope Management's Discussion and Analysis**

### **Governmental Activities**

Revenues for governmental activities totaled \$441,766 in 2005. A total of \$63,477 was in the form of property tax collections. State-shared revenues continue to be of concern. While it provided \$27,684, we are uncertain what will happen in 2005 given the State's financial difficulties. Charges for services, primarily for sewer, water, and refuse operations, generated \$181,753.

### **Financial Analysis of the Villages Funds & Budgets**

The General Fund ended 2005 with a fund balance of \$258,228. Several factors affected operating results. Tax collections were \$83,477 for 2005. Additionally, other revenue was \$171,856 in 2005. Total revenues in the General Fund of \$255,333 exceeded expenditures of \$228,839 by \$26,494 and the General Fund transferred \$90,352 to the Special Revenue Funds leaving a decrease of \$63,857.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent expenditures from exceeding the budget. With that in mind, the General Fund expenditures were 96 percent of budget. No major General Fund areas were significantly under or over budget.

### **Capital Assets and Debt**

The Village made capital purchases during the year of \$37,457.

### **Factors Bearing on the Villages Future**

At the time these financial statements were prepared and audited, the Village was aware of several areas that could have a major impact on the 2004/2005 fiscal year, and subsequent years.

Village summer 2005 taxes have close to the same millage rate as last year. Most of the money collected goes for the operating expenses for the general fund.

At this time the village was not aware of any areas that could have a major impact on the 2005/2006 fiscal year and subsequent years.

### **Contacting the Villages Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Villages finances and to demonstrate the Villages accountability for the money it receives. If you have questions about this report or need additional information, contact in writing the Business Office, Village of Port Hope, 4250 N. Lakeshore Road, Port Hope, MI 48468.

**Village of Port Hope**  
**Statement of Net Assets**  
**March 31, 2005**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 932,058.38	\$ 218,907.96	\$ 1,150,966.34
Accounts Receivable	11,413.34	19,480.78	30,894.12
Sewer Installments Receivable-Current	0.00	13,432.60	13,432.60
Due From Other Governmental Units	23,127.21	13,514.39	36,641.60
<b>Total Current Assets</b>	<u>966,578.93</u>	<u>265,335.73</u>	<u>1,231,914.63</u>
<b>Property and Equipment</b>			
Property and Equipment	1,186,439.00	2,566,777.69	3,743,216.63
Less Accumulated Depreciation	(431,606.00)	(689,171.00)	(1,100,777.00)
<b>Net Property and Equipment</b>	<u>754,833.00</u>	<u>1,877,606.69</u>	<u>2,642,439.63</u>
<b>Other Assets</b>			
Sewer Installments Receivable	0.00	355,113.00	355,113.00
<b>Total Other Assets</b>	<u>0.00</u>	<u>355,113.00</u>	<u>355,113.00</u>
<b>Total Assets</b>	<u>1,721,411.93</u>	<u>2,508,055.42</u>	<u>4,229,467.35</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts Payable	2,188.64	0.00	2,188.64
Accrued Payroll and Taxes	336.18	46.30	382.48
Accrued Interest	0.00	13,843.00	13,843.00
Due To Other Governmental Units	14,986.64	23,107.21	38,093.85
Current Portion of Bonds Payable	0.00	9,000.00	9,000.00
<b>Total Current Liabilities</b>	<u>17,511.46</u>	<u>45,996.51</u>	<u>63,507.97</u>
<b>Long - Term Liabilities</b>			
Deferred Revenue		368,545.60	368,545.60
Bonds Payable	0.00	571,000.00	571,000.00
<b>Total Long - Term Liabilities</b>	<u>0.00</u>	<u>939,545.60</u>	<u>939,545.60</u>
<b>Total Liabilities</b>	<u>17,511.46</u>	<u>985,542.11</u>	<u>1,003,053.57</u>
<b>Net Assets</b>			
Invested in capital assets net of related debt	754,833.00	0.00	754,833.00
Restricted	69,626.10	0.00	69,626.10
Unrestricted	879,441.37	219,773.64	1,099,214.91
Depr Transferred from Operations	0.00	(463,544.00)	(463,544.00)
Contributions in Aid	0.00	1,766,283.77	1,766,283.77
<b>Total Net Assets</b>	<u>\$ 1,703,900.47</u>	<u>\$ 1,522,513.31</u>	<u>\$ 3,226,413.78</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement Of Activities**  
**For the Year Ended March 31, 2005**

**Governmental Activities**

<u>Funtions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Program Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Assets</u>
<b>Governmental Activities</b>				
General Government	\$ 9,745.46	\$ 0.00	\$ 0.00	\$ (9,745.46)
Public Safety	151,353.73	55,755.16	117,077.52	21,478.95
Public Works	11,217.24	0.00	0.00	(11,217.24)
Sanitation	22,007.25	16,558.73	0.00	(5,048.52)
Roads	63,584.50	48,299.02	0.00	(15,266.48)
Sewer Operations	54,933.54	60,741.53	0.00	5,807.99
Unallocated Depreciation	76,958.00	0.00	0.00	(76,958.00)
Miscellaneous	<u>54,322.20</u>	<u>0.00</u>	<u>0.00</u>	<u>(54,322.20)</u>
<b>Total Governmental Activities</b>	<u>\$ 444,122.08</u>	<u>\$ 181,753.44</u>	<u>\$ 117,077.52</u>	<u>(145,291.12)</u>
<b>General Revenues</b>				
Property Taxes General				83,476.93
State Revenue Sharing				27,684.00
Investment Earnings				27,082.34
Other				<u>4,682.03</u>
<b>Total General Revenues</b>				<u>142,935.30</u>
<b>Change in Net Assets (Deficit)</b>				(2,355.82)
<b>Net Assets Beginning of Year</b>				<u>3,228,759.60</u>
<b>Net Assets End of Year</b>				<u>\$ 3,226,413.78</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**March 31, 2005**

	<u>Governmental Fund</u> <u>Types</u>		<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Total</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Enterprise</u>	<u>Trust</u> <u>Fund</u>	<u>(Memorandum</u> <u>Only)</u>
<b>Assets</b>					
Cash and Investments	\$ 267,492.33	\$ 594,941.54	213,907.96	\$ 59,624.51	\$ 1,150,366.34
Accounts Receivable	11,413.34	0.00	19,480.78	0.00	33,894.12
Due from Other Funds	254.71	56,431.26	13,514.39	0.00	82,210.36
Sewer Installments Receivable	0.00	0.00	368,545.60	0.00	368,545.60
Land, Building, and Equipment-net	0.00	0.00	1,887,306.69	0.00	1,887,306.69
<b>Total Assets</b>	<u>\$ 279,170.38</u>	<u>\$ 653,372.80</u>	<u>\$ 2,508,355.12</u>	<u>\$ 59,624.51</u>	<u>\$ 3,520,223.11</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 2,176.03	\$ 11.71	\$ 0.00	\$ 0.00	\$ 2,188.64
Deferred Revenue	0.00	0.00	\$ 368,545.60	\$ 0.00	\$ 368,545.60
Accrued Salaries, Fringes, Taxes	336.18	0.00	46.30	0.00	382.48
Due to Other Funds	18,429.32	575.13	23,107.21	41,571.25	83,682.61
Bonds Payable #1	0.00	0.00	452,000.00	0.00	452,000.00
Bonds Payable #2	0.00	0.00	128,000.00	0.00	128,000.00
<b>Total Liabilities</b>	<u>20,942.13</u>	<u>586.84</u>	<u>671,699.11</u>	<u>41,571.25</u>	<u>1,034,796.33</u>
<b>Fund Equity</b>					
Contributed Capital	0.00	0.00	1,302,736.77	0.00	1,302,736.77
Retained Earnings	0.00	0.00	233,616.54	0.00	233,616.54
Unreserved	256,228.25	662,784.37	0.00	28,054.85	949,067.47
<b>Total Fund Equity</b>	<u>256,228.25</u>	<u>662,784.37</u>	<u>1,536,356.31</u>	<u>28,054.85</u>	<u>2,485,423.78</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 279,170.38</u>	<u>\$ 653,371.21</u>	<u>\$ 2,508,055.42</u>	<u>\$ 59,626.10</u>	<u>\$ 3,520,223.11</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - All Governmental Fund Types**  
**For the Year Ended March 31, 2005**

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Memorandum</u>
		<u>Revenue</u>	<u>Only</u>
<b>Revenues</b>			
Property Taxes	\$ 83,476.93	\$ 16,118.66	\$ 99,595.59
Licenses and Permits	213.00	673.75	886.75
State Revenue Sharing	27,084.00	32,179.36	59,863.36
Fire Department Services	0.00	52,372.49	52,372.49
Federal Grants Received	117,077.62	0.00	117,077.52
Interest	6,127.24	12,990.26	19,117.50
Miscellaneous	20,754.01	7,225.77	27,980.78
<b>Total Revenues</b>	<u>255,332.70</u>	<u>121,561.29</u>	<u>376,893.99</u>
<b>Expenditures</b>			
Legislative	1,740.00	0.00	1,740.00
General Government	8,005.48	0.00	8,005.48
Public Safety	133,890.20	17,463.45	151,353.73
Public Works	11,217.24	63,584.50	74,801.74
Other	72,485.41	3,844.10	76,329.51
Capital Outlay	1,500.00	35,987.23	37,487.23
<b>Total Expenditures</b>	<u>228,838.33</u>	<u>120,879.28</u>	<u>349,717.67</u>
<b>Excess of Revenues over Expenditures</b>	<u>26,494.31</u>	<u>682.01</u>	<u>27,176.32</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers in	15,617.48	132,963.92	148,581.40
Operating Transfers out	(105,969.16)	(42,612.24)	(148,581.40)
<b>Total Other Financing Sources (Uses)</b>	<u>(90,351.68)</u>	<u>90,351.68</u>	<u>0.00</u>
<b>Excess of Revenues and Other Sources</b>			
<b>Over(Under)Expenditures and Other Uses</b>	<u>(63,857.37)</u>	<u>91,033.69</u>	<u>27,176.32</u>
<b>Fund Balance at Beginning of Year</b>	<u>322,085.62</u>	<u>571,760.68</u>	<u>893,846.30</u>
<b>Fund Balance at End of Year</b>	<u>\$ 258,228.25</u>	<u>\$ 662,794.37</u>	<u>\$ 921,022.62</u>

The accompanying notes are an integral part of the financial statements

**Village of Port Hope**  
**Proprietary Fund Type Sewer Operating Fund**  
**Statement of Revenues, Expenses and Changes in**  
**Retained Earnings Budget and Actual**  
**For the Year Ended March 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges		\$ 20,702.95	
<b>Total Operating Revenues</b>	<u>50,000.00</u>	<u>20,702.95</u>	<u>(21,297.05)</u>
<b>Operating Expenses</b>			
Operators Salary		4,305.75	
Salaries and Wages		2,162.25	
Fica		560.16	
Postage		222.00	
Chemicals		1,485.00	
Repairs and Maintenance-Sewer		222.25	
Contracted Labor		5,580.15	
Legal and Professional		400.00	
Computer Service		1,048.00	
Telephone		798.36	
Vehicle Expenses		126.25	
Miscellaneous		511.10	
Depreciation		42,622.00	
Utilities		1,674.37	
Bond Fees		195.00	
<b>Total Operating Expenses</b>	<u>50,000.00</u>	<u>62,610.64</u>	<u>(12,610.64)</u>
<b>Operating Income (loss)</b>	<u>0.00</u>	<u>(33,907.69)</u>	<u>(33,907.69)</u>
<b>Other Income (Expense)</b>			
Sewer Installment and Hookup Income	0.00	24,738.58	24,738.58
Rent and Miscellaneous Income	0.00	7,300.00	7,300.00
Interest Income	0.00	5,584.90	5,584.90
Interest Expense	0.00	(21,375.00)	(21,375.00)
<b>Total Other Income (Expense)</b>	<u>0.00</u>	<u>17,248.48</u>	<u>17,248.48</u>
<b>Net Income (loss) From Operations</b>	<u>\$ 0.00</u>	<u>(16,659.21)</u>	<u>(16,659.21)</u>
Add: Transfer of depreciation on assets acquired with contributions and grants		<u>29,052.00</u>	
<b>Net Income (Loss)</b>		<u>12,392.79</u>	
<b>Retained Earnings Beginning of Year</b>		<u>221,223.75</u>	
<b>Retained Earnings End of Year</b>		<u>\$ 233,616.54</u>	

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Fiduciary Fund Type Cemetery Perpetual Care**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2005**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest Income	\$ 1,389.94	\$ 0.00	\$ (1,389.94)
<b>Total Revenues</b>	<u>1,389.94</u>	<u>0.00</u>	<u>(1,389.94)</u>
<b>Expenditures</b>			
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,389.94</u>	<u>0.00</u>	<u>1,389.94</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(3,844.10)	0.00	3,844.10
<b>Total Other Financing Sources (Uses)</b>	<u>(3,844.10)</u>	<u>0.00</u>	<u>(3,844.10)</u>
<b>Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	(2,454.16)	<u>\$ 0.00</u>	<u>\$ (2,454.16)</u>
<b>Fund Balance Beginning of Year</b>	<u>30,503.01</u>		
<b>Fund Balance End of Year</b>	<u>\$ 28,048.85</u>		

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Reconciliation of Fund Balances of Government Funds**  
**to Net Assets of Government Activities**  
**For the Year Ended March 31, 2005**

<b>Fund Balances Total Governmental Funds</b>	\$ 2,485,423.78
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
Property and Equipment	1,186,439.00
Less Accumulated Depreciation	(431,606.00)
Accrued Interest on debt is not recorded in governmental funds until it is paid	
Accrued Interest Payable Beginning of Year	0.00
Accrued Interest Payable End of Year	(13,843.00)
Other	<u>0.00</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 3,226,413.78</u></u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2005**

**Net Change in Fund Balances Total Governmental Funds** \$ 37,114.95

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures in the year incurred  
and depreciation is recorded for assets in the statement of activities

Depreciation Expense	(76,358.00)
Capital Outlay	37,487.23

Accrued Interest on long-term debt is recorded in the statement of activities when  
it is not recorded in governmental funds until it is paid

Accrued Interest Payable Beginning of Year	13,843.00
Accrued Interest Payable End of Year	(13,843.00)
Other	0.00

Proceeds and repayments of principal on long-term debt are revenues and  
expenditures in the government funds, but not in the statement of activities

Proceeds from new Debt	<u>0.00</u>
------------------------	-------------

**Change in Net Assets of Governmental Activities** **\$ (2,355.82)**

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Proprietary Fund Type Sewer Operating Fund**  
**Statement of Cash Flows**  
**For The Year Ended March 31, 2005**

**Cash Flows From Operating Activities**

Net Income (Loss)	\$ 12,392.79
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	13,570.00
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in: Operating Assets:	
Accounts Receivable	21,372.56
Other	(11,587.32)
Increase (Decrease) in: Operating Liabilities:	
Accrued Liabilities	<u>8,183.44</u>
<b>Total Adjustments</b>	<u>31,538.68</u>

**Net Cash Provided By (Used in) Operating Activities** 43,931.47

**Cash Flows From Investing Activities**

Capital Expenditures (60,421.50)

**Net Cash Provided By (Used In) Investing Activities** (60,421.50)

**Cash Flows From Financing Activities**

Notes Payable Repayments (3,000.00)

**Net Cash Provided By (Used In) Financing Activities** (3,000.00)

**Net Increase (Decrease) In Cash and Cash Equivalents** (19,490.03)

**Cash and Cash Equivalents Beginning of Year** 238,397.59

**Cash and Cash Equivalents End of Year** \$ 218,907.56

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Fiduciary Fund Type Cemetery Perpetual Care**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2005**

**Cash Flows From Operating Activities**

Net Income (Loss)	3	(2,454.16)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Losses (Gains) on sales of		
Decrease (Increase) in		
Operating Assets:		
Increase (Decrease) in		
Operating Liabilities:		
<b>Total Adjustments</b>		<u>0.00</u>

**Net Cash Provided By (Used in) Operating Activities** (2,454.16)

**Cash Flows From Investing Activities**

**Net Cash Provided By (Used in) Investing Activities** 0.00

**Cash Flows From Financing Activities**

**Net Cash Provided By (Used in) Financing Activities** 0.00

**Net Increase (Decrease) in Cash and Cash Equivalents** (2,454.16)

**Cash and Cash Equivalents Beginning of Year** 72,080.01

**Cash and Cash Equivalents End of Year** \$ 69,624.51

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Note 1 - Summary of Significant Accounting Policies:**

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A. Reporting Entity**

The Local Governmental Unit is governed by an elected council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major governmental fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Other Non-Major Funds**

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Government accounts for its major and local street activities in the special revenue funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes recognized as revenue in the year for which they are levied. Grants and similar items are recognizes as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with and proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non operating revenue and expenses.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payable's**

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.



**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

**Compensated Absences (Vacation and Sick Leave)**

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

**Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Comparative Data/Reclassifications**

Comparative total data for the prior year has not been presented in the fund financial statements.

**Note 2 - Stewardship, Compliance, and Accountability:**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for all Government Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Government to have its budget in place by the beginning of its fiscal year. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governments to amend their budgets during the year. During the year, the budget was amended in a permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

During the year, the Government incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs Budget.

**Note 3 - Deposits and Investments:**

**Deposits**

The Government's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Government's deposits was \$281,172.21 and the bank balance was \$294,178.40.

**Investments**

State statutes authorize the Government to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of March 31, 2005, the Government investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$869,794.13.

The total Government cash and investments amounted to \$1,150,966.34 as of March 31, 2005 and \$558,000.00 was covered by Federal Depository Insurance.

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Note 4 - Receivables:**

Receivables as of year end for the governments individual major funds and the other non major funds in the aggregate are shown in the respective statements.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

**Note 5 - Employee Retirement and Benefits Systems:**

The Village of Port Hope does not provide any employee retirement or benefits systems.

**Note 6 - Contingent Liabilities:**

**Contingent Liability - Unemployment Compensation Costs**

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.

**Note 7 - Proprietary Fund Fixed Assets:**

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer building and lines	50 years
Buildings	15-30 years
Equipment	10-20 years
Office equipment	5 years

**Note 8 - Contributed Capital:**

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Village resources to purchase or construct the sewer system currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closes to contributed capital rather than retained earnings.

**Village of Port Hope**  
**Notes to Financial Statements**  
**March 31, 2005**

**Note 9 - Changes in Long-Term Debt - Sewer Fund:**

The Village sewer system encompasses all of the Village of Port Hope with limited extension of services to residents of Gore Township and Rubicon Township. Financing of construction was accomplished through Series A and Series B Sewer System Revenue Bonds, authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The following is a summary of bond transactions for the year ended March 31, 2005:

	BALANCE APRIL 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2005
Sewer System Revenue Bonds Series A	\$ 452,000	\$ -	\$ -	\$ 452,000
Sewer System Revenue Bonds Series B	<u>131,000</u>	<u>-</u>	<u>3,000</u>	<u>128,000</u>
Total	\$ 583,000	\$ -	\$ 12,000	\$ 571,000

Sewer System Revenue Bonds payable as of March 31, 2005 are comprised of the following:

\$543,000 Series A Bonds due in annual principal install- ments ranging from \$9,000 to \$39,000 through April 1, 2027, plus interest at the rate of 6.125%, payable semi-annually on April 1 and October 1.	\$ 452,000
\$155,000 Series B Bonds due in annual principal install- ments ranging from \$2,000 to \$10,000 through April 1, 2027, plus interest at the rate of 5.75%, payable semi-annually on April 1 and October 1.	<u>128,000</u>
Sewer System Revenue Bonds payable	\$ 571,000

The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of March 31, 2005 including interest of \$551,104 are as follows:

2006	\$ 46,856
2007	47,102
2008	47,287
2009	46,532
2010	46,594
Thereafter	<u>839,474</u>
	\$ 1,073,845

## **Required Supplemental Information**

**Village of Port Hope**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2005**

	<u>General Fund</u>				
			<u>Variance</u> <u>Original</u> <u>Compared to</u> <u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Actual</u> <u>Compared to</u> <u>Final</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>					
Taxes-Current	\$ 75,000.00	\$ 75,000.00	\$ 0.00	\$ 93,476.93	\$ 8,476.93
State Sources	21,500.00	21,500.00	0.00	27,684.00	6,184.00
Grants	167,078.00	167,076.00	0.00	117,077.52	(50,000.48)
Garbage Collections	18,000.00	18,000.00	0.00	10,958.73	(1,041.27)
Other	800.00	800.00	0.00	4,008.28	3,208.28
Interest	2,600.00	2,600.00	0.00	6,127.24	3,527.24
<b>Total Revenues</b>	<u>284,978.00</u>	<u>284,976.00</u>	<u>0.00</u>	<u>255,332.70</u>	<u>(29,645.30)</u>
<b>Expenditures</b>					
Legislative	3,000.00	3,000.00	0.00	1,770.00	1,280.00
General Government	8,400.00	8,400.00	0.00	8,005.46	394.54
Public Safety	12,000.00	12,000.00	0.00	11,964.26	35.74
Public Works	12,000.00	12,000.00	0.00	11,217.24	782.76
Grant Expenditures	167,078.00	167,078.00	0.00	121,926.02	45,151.98
Garbage	27,500.00	27,500.00	0.00	22,007.25	5,492.75
Other	55,000.00	55,000.00	0.00	50,478.16	4,521.84
Capital Outlay	0.00	0.00	0.00	1,500.00	(1,500.00)
<b>Total Expenditures</b>	<u>284,978.00</u>	<u>284,978.00</u>	<u>0.00</u>	<u>228,838.39</u>	<u>56,139.61</u>
<b>Excess of Revenues over Expenditures</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>26,494.31</u>	<u>26,494.31</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers in	0.00	0.00	\$ 0.00	15,517.48	15,517.48
Operating Transfers out	0.00	0.00	\$ 0.00	(105,969.16)	(105,969.16)
<b>Total Other Financing Sources (Uses)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(90,351.68)</u>	<u>(90,351.68)</u>
<b>Excess of Revenues and Other Over(Under)Expenditures and Other Us</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>0.00</u>	<u>(63,857.37)</u>	<u>\$ (63,857.37)</u>
<b>Fund Balance at Beginning of Year</b>				<u>322,085.62</u>	
<b>Fund Balance at End of Year</b>				<u>\$ 258,228.25</u>	

The accompanying notes are an integral part of the financial statements.

### **Additional Supplemental Information**

**Village of Port Hope**  
**General Fund**  
**Schedule of Revenues**  
**For the Year Ended March 31, 2005**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Current Tax Levy	\$ 83,479.93		
Cable TV	1,435.28		
Garbage Fees	16,958.73		
Zoning Permits	213.00		
Web Site Income	125.00		
Fire Grant	5,266.00		
CDBG Grant	111,809.52		
Sales Tax	27,684.00		
Rental Income	475.00		
Miscellaneous	1,760.00		
Interest Income	<u>6,127.24</u>		
<b>Total Revenues</b>	<u>\$ 255,332.70</u>	<u>\$ 284,978.00</u>	<u>(29,645.30)</u>

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**General Fund**  
**Schedule of Expenditures**  
**For the Year Ended March 31, 2005**

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
<b>Legislative</b>			
Township Board Salary	\$ 1,740.00		
<b>Total Legislative</b>	<u>\$ 1,740.00</u>	<u>\$ 3,000.00</u>	<u>\$ 1,260.00</u>
<b>General Government</b>			
Election Costs	\$ 441.45		
Clerk Fees	3,837.84		
Treasurer Fees	1,900.43		
Building and Grounds	535.74		
Zoning Costs	940.00		
Travel Expenses	50.00		
Mayor Fees	<u>300.00</u>		
<b>Total General Government</b>	<u>\$ 8,005.46</u>	<u>\$ 8,400.00</u>	<u>394.54</u>
<b>Public Safety</b>			
Grant Project	\$ 121,925.02		
Ambulance Stand by Fees	909.00		
Outside Labor - Police	8,016.77		
Maintenance Fee - Police	2,067.30		
Recreation and Parks	<u>971.19</u>		
<b>Total Public Safety</b>	<u>\$ 133,890.28</u>	<u>\$ 179,078.00</u>	<u>45,187.72</u>
<b>Public Works</b>			
Street Light Expense	\$ 6,644.90		
Repairs and Maintenance	<u>4,572.34</u>		
<b>Total Public Works</b>	<u>\$ 11,217.24</u>	<u>\$ 12,000.00</u>	<u>782.76</u>
<b>Other</b>			
Taxes - Payroll	\$ 2,260.86		
Office Wages	3,228.19		
Office Supplies	1,892.38		
Printing and Publishing	1,167.70		
Professional Fees	20,931.25		
Insurance	9,547.00		
Dues and Publications	477.00		
Miscellaneous	466.63		
Garbage Pick Up	22,007.26		
Telephone	2,123.53		
Utilities	5,378.43		
Tax Cancellations	241.00		
Outside Contractor	2,530.00		
Repairs and Maintenance	<u>233.20</u>		
<b>Total Other</b>	<u>\$ 72,485.41</u>	<u>\$ 82,500.00</u>	<u>10,014.59</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**General Fund**  
**Schedule of Expenditures**  
**For the Year Ended March 31, 2005**

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
<b>Capital Outlay</b>			
Capita Outlay	\$ 1,500.00	\$ 1,500.00	\$ 0.00
<b>Total Expenditures</b>	<u>\$ 106,912.37</u>	<u>\$ 106,912.37</u>	<u>\$ 0.00</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope  
Special Revenue Funds  
Combined Balance Sheet  
March 31, 2005**

	<u>Major Street</u>	<u>Local Street</u>	<u>Fire Fund</u>	<u>Cemetery</u>	<u>Totals</u>
<b>Assets</b>					
Cash in Bank	\$ 172,770.42	\$ 214,980.86	\$ 207,171.28	\$ 18.98	\$ 594,941.54
Due From Other Funds	575.13	<u>3,442.38</u>	<u>22,842.50</u>	<u>41,571.25</u>	<u>68,431.26</u>
<b>Total Assets</b>	<u>\$ 173,345.55</u>	<u>\$ 218,423.24</u>	<u>\$ 230,013.78</u>	<u>\$ 41,590.23</u>	<u>\$ 663,372.80</u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable	0.00	11.71	0.00	0.00	11.71
Due to other Funds	<u>\$ 0.00</u>	<u>\$ 575.13</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 575.13</u>
<b>Fund Equity</b>					
Unreserved	<u>173,345.55</u>	<u>217,836.40</u>	<u>230,013.78</u>	<u>41,588.64</u>	<u>662,784.37</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 173,345.55</u>	<u>\$ 218,423.24</u>	<u>\$ 230,013.78</u>	<u>\$ 41,588.64</u>	<u>\$ 663,371.21</u>

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2005**

	<u>Major Street Fund</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
State Grants	\$ 20,846.45		
Interest Income	5,802.96		
<b>Total Revenues</b>	<u>26,649.41</u>	<u>15,000.00</u>	<u>(11,649.41)</u>
<b>Expenditures</b>			
Construction - Contract Services	29,303.20		
Maintenance - Contract Services	9,938.55		
<b>Total Expenditures</b>	<u>39,241.75</u>	<u>15,000.00</u>	<u>(24,241.75)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(12,592.34)</u>	<u>0.00</u>	<u>12,592.34</u>
<b>Other Financing Sources (Uses)</b>			
Transfer out	(26,994.76)	0.00	26,994.76
<b>Total Other Financing Sources (Uses)</b>	<u>(26,994.76)</u>	<u>0.00</u>	<u>(26,994.76)</u>
<b>Excess of Revenues and Other Financing (Uses) Over (Under) Expenditures</b>	<u>(39,587.10)</u>	<u>\$ 0.00</u>	<u>\$ (39,587.10)</u>
<b>Fund Balance Beginning of Year</b>	<u>212,032.65</u>		
<b>Fund Balance End of Year</b>	<u>\$ 173,345.55</u>		

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2005**

	<u>Local Street Fund</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Current Tax Levy	\$ 16,118.66		
State Grants	11,332.91		
Interest Income	<u>2,797.92</u>		
<b>Total Revenues</b>	<u>30,249.49</u>	<u>11,500.00</u>	<u>(18,749.49)</u>
<b>Expenditures</b>			
Construction - Contract Services	23,324.18		
Maintenance - Supplies	670.73		
Maintenance - Contract Services	247.84		
Miscellaneous Expenses	<u>100.00</u>		
<b>Total Expenditures</b>	<u>24,342.75</u>	<u>11,500.00</u>	<u>(12,842.75)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>5,906.74</u>	<u>0.00</u>	<u>(5,906.74)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>102,993.06</u>	<u>0.00</u>	<u>(102,993.06)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>102,993.06</u>	<u>0.00</u>	<u>102,993.06</u>
<b>Excess of Revenues and Other Financing (Uses) Over (Under) Expenditures</b>	<u>108,899.80</u>	<u>\$ 0.00</u>	<u>\$ 108,899.80</u>
<b>Fund Balance Beginning of Year</b>	<u>108,936.60</u>		
<b>Fund Balance End of Year</b>	<u>\$ 217,836.40</u>		

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2005**

	<u><b>Fire Fund</b></u>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Fire Fees	\$ 3,500.00		
Bulk Water Sales	6,690.00		
Miscellaneous	3,332.67		
Interest Income	4,339.38		
Stand By Fees	42,132.49		
<b>Total Revenues</b>	<u>60,144.54</u>	<u>46,000.00</u>	<u>15,144.54</u>
<b>Expenditures</b>			
Salary Fire Chief	1,200.00		
Supplies	1,979.83		
Dues	90.00		
Gas and Oil	918.16		
Water Expense	3,420.20		
Insurance	(2.00)		
Repairs and Maintenance	4,315.25		
Telephone	1,035.22		
Miscellaneous	2,741.79		
Meetings	1,735.00		
Capital Outlay	35,987.23		
<b>Total Expenditures</b>	<u>53,450.68</u>	<u>45,030.00</u>	<u>8,450.68</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>6,693.86</u>	<u>0.00</u>	<u>6,693.86</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	29,970.86	0.00	(29,970.86)
Transfers out	(14,943.73)	0.00	14,943.73
<b>Total Other Financing Sources (Uses)</b>	<u>15,027.13</u>	<u>0.00</u>	<u>(15,027.13)</u>
<b>Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	<u>21,720.99</u>	<u>\$ 0.00</u>	<u>\$ 21,720.99</u>
<b>Fund Balance Beginning of Year</b>	<u>208,292.79</u>		
<b>Fund Balance End of Year</b>	<u>\$ 230,013.78</u>		

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2005**

	<u>Cemetery Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>			
Transfers From Perpetual Fund	\$ 3,844.10		
<b>Total Revenues</b>	<u>3,844.10</u>	<u>3,000.00</u>	<u>844.10</u>
<b>Expenditures</b>			
Contracted Services	<u>3,844.10</u>		
<b>Total Expenditures</b>	<u>3,844.10</u>	<u>3,000.00</u>	<u>844.10</u>
<b>Other Financing Sources (Uses)</b>			
<b>Excess of Revenues and Other Financing Sources</b>			
<b>Fund Balance Beginning of Year</b>	<u>41,688.64</u>		
<b>Fund Balance End of Year</b>	<u><u>41,688.64</u></u>		

The accompanying notes are an integral part of the financial statements.

**Village of Port Hope**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual vs. Budget**  
**For the Year Ended March 31, 2006**

**Liquor Fund**

	<u><b>Actual</b></u>	<u><b>Budget</b></u>	<u><b>Variance</b></u> <u><b>Favorable</b></u> <u><b>(Unfavorable)</b></u>
<b>Revenues</b>			
Liquor License Fees	\$ 673.75		
<b>Total Revenues</b>	<u>673.75</u>	<u>600.00</u>	<u>73.75</u>
<b>Expenditures</b>			
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>673.75</u>	<u>600.00</u>	<u>73.75</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out:	<u>(673.75)</u>		
<b>Total Other Financing Sources (Uses)</b>	<u>(673.75)</u>	<u>0.00</u>	<u>(673.75)</u>
<b>Excess of Revenues and Other Financing Sources</b> <b>    (Uses) Over (Under) Expenditures</b>	<u>0.00</u>	<u>\$ 600.00</u>	<u>\$ (600.00)</u>
<b>Fund Balance Beginning of Year</b>	<u>0.00</u>		
<b>Fund Balance End of Year</b>	<u>\$ 0.00</u>		

The accompanying notes are an integral part of the financial statements.



**Village of Port Hope**  
**Schedule of Sewer System Revenue Bonds - Series A**  
**March 31, 2005**

<u>Maturity Date</u>	<u>Principal Amount Payable at Each Maturity Date</u>	<u>Interest</u>		<u>Total</u>
		<u>Rate</u>	<u>Amount</u>	
10/01/04				
04/01/05	9,000	6.125%	13,843	22,843
10/01/05		6.125%	13,567	13,567
04/01/06	10,000	6.125%	13,567	23,567
10/01/06		6.125%	13,261	13,261
04/01/07	11,000	6.125%	13,261	24,261
10/01/07		6.125%	12,924	12,924
04/01/08	11,000	6.125%	12,924	23,924
10/01/08		6.125%	12,587	12,587
04/01/09	12,000	6.125%	12,587	24,587
10/01/09		6.125%	12,189	12,189
04/01/10	13,000	6.125%	12,189	25,189
10/01/10		6.125%	11,821	11,821
04/01/11	13,000	6.125%	11,821	24,821
10/01/11		6.125%	11,423	11,423
04/01/12	14,000	6.125%	11,423	25,423
10/01/12		6.125%	10,994	10,994
04/01/13	15,000	6.125%	10,994	25,994
10/01/13		6.125%	10,535	10,535
04/01/14	16,000	6.125%	10,535	26,535
10/01/14		6.125%	10,045	10,045
04/01/15	17,000	6.125%	10,045	27,045
10/01/15		6.125%	9,524	9,524
04/01/16	18,000	6.125%	9,524	27,524
10/01/16		6.125%	8,973	8,973
04/01/17	19,000	6.125%	8,973	27,973
10/01/17		6.125%	8,391	8,391
04/01/18	20,000	6.125%	8,391	28,391
10/01/18		6.125%	7,779	7,779
04/01/19	22,000	6.125%	7,779	29,779
10/01/19		6.125%	7,105	7,105
04/01/20	23,000	6.125%	7,105	30,105
10/01/20		6.125%	6,401	6,401
04/01/21	24,000	6.125%	6,401	30,401
10/01/21		6.125%	5,666	5,666
04/01/22	26,000	6.125%	5,666	31,666
10/01/22		6.125%	4,869	4,869
04/01/23	27,000	6.125%	4,869	31,869
10/01/23		6.125%	4,043	4,043
04/01/24	29,000	6.125%	4,043	33,043
10/01/24		6.125%	3,154	3,154
04/01/25	31,000	6.125%	3,154	34,154
10/01/25		6.125%	2,205	2,205
04/01/26	33,000	6.125%	2,205	35,205
10/01/26		6.125%	1,194	1,194
04/01/27	39,000	6.125%	1,194	40,194
	\$ 152,000		\$ 391,143	\$ 843,143

**Village of Port Hope**  
**Schedule of Sewer System Revenue Bonds - Series B**  
**March 31, 2005**

<b>Maturity Date</b>	<b>Principal Amount Payable at Each Maturity Date</b>	<b>Interest</b>		<b>Total</b>
		<b>Rate</b>	<b>Amount</b>	
10/01/05		5.75%	3,680	3,680
04/01/06	3,000	5.75%	3,680	6,680
10/01/06		5.75%	3,594	3,594
04/01/07	3,000	5.75%	3,594	6,594
10/01/07		5.75%	3,508	3,508
04/01/08	3,000	5.75%	3,508	6,508
10/01/08		5.75%	3,421	3,421
04/01/09	3,000	5.75%	3,421	6,421
10/01/09		5.75%	3,335	3,335
04/01/10	3,000	5.75%	3,335	6,335
10/01/10		5.75%	3,249	3,249
04/01/11	4,000	5.75%	3,249	7,249
10/01/11		5.75%	3,134	3,134
04/01/12	4,000	5.75%	3,134	7,134
10/01/12		5.75%	3,019	3,019
04/01/13	4,000	5.75%	3,019	7,019
10/01/13		5.75%	2,904	2,904
04/01/14	4,000	5.75%	2,904	6,904
10/01/14		5.75%	2,789	2,789
04/01/15	5,000	5.75%	2,789	7,789
10/01/15		5.75%	2,645	2,645
04/01/16	6,000	5.75%	2,645	8,645
10/01/16		5.75%	2,473	2,473
04/01/17	6,000	5.75%	2,473	8,473
10/01/17		5.75%	2,300	2,300
04/01/18	6,000	5.75%	2,300	8,300
10/01/18		5.75%	2,128	2,128
04/01/19	7,000	5.75%	2,128	9,128
10/01/19		5.75%	1,926	1,926
04/01/20	7,000	5.75%	1,926	8,926
10/01/20		5.75%	1,725	1,725
04/01/21	7,000	5.75%	1,725	8,725
10/01/21		5.75%	1,524	1,524
04/01/22	8,000	5.75%	1,524	9,524
10/01/22		5.75%	1,294	1,294
04/01/23	8,000	5.75%	1,294	9,294
10/01/23		5.75%	1,064	1,064
04/01/24	9,000	5.75%	1,064	10,064
10/01/24		5.75%	805	805
04/01/25	9,000	5.75%	805	9,805
10/01/25		5.75%	546	546
04/01/26	9,000	5.75%	546	9,546
10/01/26		5.75%	288	288
04/01/27	10,000	5.75%	288	10,288
	<u>\$ 128,000</u>		<u>\$ 102,702</u>	<u>\$ 230,702</u>